

Message Text

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PAGE 01 OTTAWA 00193 212341Z

21

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USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

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C O N F I D E N T I A L OTTAWA 0193

E.O. 11652: GDS

TAGS: PINT, CA

SUBJECT: ASSESSMENT OF FIRST SESSION OF 29TH PARLIAMENT

1. SUMMARY. AT OUTSET OF FIRST SESSION OF 29TH PARLIAMENT, JANUARY 4, 1973, MANY OBSERVERS PREDICTED DEMISE OF THE TRUDEAU GOVERNMENT BEFORE END OF YEAR. TO THE CONTRARY, DESPITE OR PERHAPS BECAUSE OF GOVERNMENT'S MINORITY POSITION, PARLIAMENT HAS BEEN SURPRISINGLY TENACIOUS, EFFECTIVE AND PRODUCTIVE. WITH HELP FROM LEFT-WING NEW DEMOCRATIC PARTY (NDP) AND OCCASIONALLY FROM PROGRESSIVE CONSERVATIVES (PC), THE GOVERNMENT HAS SUCCEEDED IN GETTING ADOPTION OF: A CONTROVERSIAL BUDGET; LEGISLATION RAISING PENSIONS AND FAMILY ALLOWANCES; AN ELECTORAL EXPENSES BILL; FOREIGN INVESTMENT REVIEW LEGISLATION; THE ENERGY SUPPLIES EMERGENCY BILL; A SETTLEMENT OF THE AUGUST 1973 RAILROAD STRIKE, TO NAME ONLY A FEW. NDP LEADER DAVID LEWIS HAS CLAIMED CREDIT FOR "MAKING PARLIAMENT WORK," AND CAN POINT TO SUBSTANTIAL ACHIEVEMENT TOWARDS NDP LEGISLATIVE GOALS. MORE IMPORTANT HAS BEEN ADROITNESS AND READINESS TO COMPROMISE SHOWN BY LIBERALS AND BY PIERRE TRUDEAU PERSONALLY. BALANCING ACT LIKELY TO PROVE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00193 212341Z

MORE DIFFICULT IN SECOND SESSION, BEGINNING FEBRUARY 27,

THAN FIRST. A NATIONAL ELECTION FOR A NEW PARLIAMENT
COULD OCCUR IN 1974 EITHER THROUGH WITHDRAWAL OF NDP
SUPPORT OR BY GOVERNMENT TAKING INITIATIVE RATHER THAN
BEING FORCED TO POLLS BY DEFEAT IN COMMONS. END SUMMARY

2. FIRST AND FOREMOST, GOVERNMENT HAS SURVIVED AND
SUCCEEDED IN ACHIEVING AN IMPRESSIVE LIST OF SOCIAL AND
ECONOMIC LEGISLATION--ITS SPOKESMAN CITED "46 PIECES OF
IMPORTANT LEGISLATION". (PRESENT STANDINGS ARE LIBERALS 109;
PC 105; NDP 31. MAJORITY REQUIRES 133.) NDP HAS CON-
SISTENTLY SUPPORTED LIBERALS ON KEY CONFIDENCE MOTIONS,
DESPITE STRONG 1972 ELECTORAL CAMPAIGN IN WHICH LEWIS
ATTACKED GOVERNMENT SUPPORT OF "CORPORATE RIP-OFF."
1973 THRONE SPEECH AND WELFARE LEGISLATION WERE CLEARLY
DESIGNED TO ELICIT NDP SUPPORT, WHILE ADROIT PARLIAMENTARY
MANEUVERING FORCED ROBERT STANFIELD'S PCS TO VOTE WITH
GOVERNMENT ON CORPORATE TAX REDUCTIONS. TRUDEAU HAS RE-
FERRED OFTEN TO "LESSONS OF OCTOBER 30" ATTEMPTING TO
REGARD 1972 ELECTIONS AS A SORT OF EDUCATIONAL PROCESS.
FOR FEAR HIS FLAMBOYANCE WAS TAKEN FOR ARROGANCE, HE HAS
TUNED DOWN LANGUAGE, DRESSED MORE CONSERVATIVELY, AND
CUT HIS HAIR. ACCUSED OF IGNORING PROVINCES, PARTI-
CULARLY IN WEST, HE ARRANGE SEVERAL FEDERAL-PROVINCIAL
MEETINGS AND A CONFERENCE ON "WESTERN ECONOMIC OPPORTUNI-
TIES" IN CALGARY. HE ADOPTED PC CAMPAIGN SUGGESTIONS
THAT INCOME TAX BE GEARED TO INFLATION AND THAT SPECIAL
CREDITS BE GRANTED TO SMALL BUSINESS. TWO ROYAL VISITS
AND THE COMMONWEALTH CONFERENCE SERVED TO COUNTER ACCUSA-
TIONS THAT TRUDEAU WAS PROMOTING QUEBEC INTERESTS AT EX-
PENSE OF ANGLOPHONE CANADA. HOW CONVINCING ALL THIS
EFFORT HAS BEEN REMAINS TO BE SEEN. WESTERN CONFERENCE
WAS NOT A SUCCESS, AND FEDERAL GOVERNMENT HAS BEEN IN
DIRECT CONFRONTATION WITH ALBERTA PREMIER LOUGHEED OVER
PETROLEUM EXPORT TAXES. TRUDEAU'S METAMORPHOSIS HAS
BEEN SUBJECTED TO CONSIDERABLE PRESS COMMENT ("FROM PHILO-
SOPHER KING TO MACKENZIE KING") AND INDEED A STAID
TRUDEAU, CATERING TO WESTERN INTERESTS AND ROAYL PRE-
ROGATIVES, IS A MARKED CHANGE FROM HIS IMAGE IN 1968-72.

3. MOST IMPORTANT OBJECTIVES OF 1973 THRONE SPEECH,
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PAGE 03 OTTAWA 00193 212341Z

REDUCTIONS OF UNEMPLOYMENT AND INFLATION, HAVE NOT BEEN
MET. GOVERNMENT HAS BLAMED WORLD INFLATION AND ENERGY
AND OTHER COMMODITY SHORTAGES FOR CANADA'S PROBLEMS,
AND IT HAS REFUSED PC DEMANDS FOR PRICE AND WAGE CONTROLS.
NDP HAS SOMEWHAT RELUCTANTLY SUPPORTED GOVERNMENT ECONOMIC
POLICY, CLAIMING PC ADMINISTRATION COULD NOT BUT BE WORSE.
ECONOMIC ISSUES ARE SURE TO DOMINATE ANY FORTHCOMING
ELECTORAL CAMPAIGN. SHOULD ECONOMIC SITUATION

DETERIORATE, NDP WILL FIND IT INCREASINGLY EMBARRASSING TO GIVE BROAD-BRUSH SUPPORT TO GOVERNMENT POLICIES.

4. MINORITY POSITION HAS HAD LITTLE EFFECT ON FOREIGN POLICY. GOC REFUSED TO ACCEPT PARLIAMENTARY CONTROL OVER DECISION TO PARTICIPATE IN ICCS. RECOGNITION OF NEW CHILEAN GOVERNMENT WAS MADE DESPITE HARSH CRITICISM FROM NDP AND SOME PC MEMBERS. GOC PROMPTLY AGREED TO JOIN UNEF, ALTHOUGH LOGISTICS ROLE WAS CRITICISED IN PRESS AND PARLIAMENT. AGREEMENT TO EXTEND NORAD WAS DIRECTLY CONTRARY TO NDP POLICY. ECONOMIC DEBATE HAS HAD STRONG NATIONALISTIC OVERTONES BUT GOC HAS TAKEN PAINS IN CONTEXT OF ENERGY CRISIS TO REAFFIRM RECOGNITION OF INTERDEPENDENCE AND IMPORTANCE OF FRIENDSHIP WITH U.S. NDP HAS APPARENTLY BEEN SATISFIED WITH PROGRESS ON DOMESTIC LEGISLATION AND HAS NOT FORCED THE ISSUE IN FOREIGN AFFAIRS AREA.

5. TRUDEAU NOW SPEAKS OF CONTINUING MINORITY GOVERNMENT TO END OF TERM--1976 OR 1977. SUCH AN EVENT IS CHANCY SINCE NDP-LIBERAL ALLIANCE IS INCREASINGLY UNCOMFORTABLE FOR BOTH. LIBERAL LEGISLATIVE PACKAGE PROPOSED IN 1973 IS ABOUT EXHAUSTED, WITH THE NEXT SESSION OF PARLIAMENT PRESENTING LESS OPPORTUNITY TO PASS ATTRACTIVE AND EXPENSIVE LEGISLATION. RATHER, FOCUS WILL BE ON HOW WELL TRUDEAU GOVERNMENT GOVERNS AND MANAGES THE AFFAIRS OF STATE IN A PERIOD WHEN CANADA WILL BE FACING STRONG INFLATIONARY PRESSURES, A POSSIBLE MODERATE SLOWDOWN IN THE RATE OF REAL ECONOMIC GROWTH, AND ACCOMPANYING SLIGHT INCREASE IN THE UNEMPLOYMENT RATE, ENERGY AND TRADE PROBLEMS AND AN INCREASINGLY DIFFICULT FEDERAL-PROVINCIAL RELATIONSHIP. IN THESE CIRCUMSTANCES IT WILL BE MUCH MORE DIFFICULT FOR THE NDP TO CONTINUE

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PAGE 04 OTTAWA 00193 212341Z

ITS SUPPORT OF THE PRESENT GOVERNMENT. FURTHER, LIBERALS MAY WELL CONCLUDE THAT THEIR RECORD IS SUFFICIENTLY GOOD TO CALL NEW ELECTIONS SEEKING A MAJORITY. THEY ARE HEARTENED BY LIBERAL SWEEP IN QUEBEC PROVINCIAL ELECTIONS AND BY RECENT POLLS INDICATING DECREASED SUPPORT FOR THE PC. TRUDEAU AND CABINET, HOWEVER, HAVE DEMONSTRATED THEY CAN MAKE MINORITY GOVERNMENT WORK AND THE POSSIBILITY THEY WILL CONTINUE TO DO SO CANNOT BE TOTALLY RULED OUT.

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